

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508

USTR Press Releases are available on the USTR home page at WWW.ustr.gov.
They are also available through the USTR Fax Retrieval System at 202-395-4809.

FOR IMMEDIATE RELEASE
Wednesday, December 10, 1997

Contact: 97-104
Jay Ziegler
Kirsten Powers
Christine Wilkas
(202) 395-3230

**FOREIGN SHARE OF THE JAPANESE SEMICONDUCTOR
MARKET REACHES 35.8% IN SECOND QUARTER**

Foreign share of the Japanese semiconductor market rose to 35.8% in the second quarter of 1997. This was an increase of 3.2 percentage points from the record 32.6% reached in the first quarter of 1997. The increase is attributable to increased sales by U.S. and Korean suppliers and a flat Japanese market.

"I am pleased to see that the performance of foreign suppliers in the Japanese semiconductor market remained strong in the second quarter of 1997," said Ambassador Charlene Barshefsky. "During the four quarters that the United States Government has been calculating the foreign market share under the August 2, 1996 semiconductor accords, foreign share has risen to an average 31.2% compared with an average 27.3% during the last four quarters of the 1991 U.S.-Japan semiconductor arrangement.

"U.S. and other foreign semiconductor producers provide high quality, highly competitive products and I am pleased that the new semiconductor agreement is working as we anticipated to provide new market opportunities in Japan for these suppliers," Ambassador Barshefsky added. "I also welcome reports of two successful industry cooperative activities in November, which were very well attended. These cooperative activities between foreign suppliers and Japanese customers are a key to ensuring that foreign companies maintain a strong share of the Japanese semiconductor market. We look forward to hearing about industry plans for cooperative activities in 1998." (see background information)

"I congratulate the U.S. semiconductor industry for its success in increasing foreign market share in the Japanese market," said Commerce Secretary William M. Daley. "Open markets are critical to the global economy, and to the growth of U.S. exports that generate high-skill jobs for Americans."

Background

On August 2, 1996, the United States and Japan reached a new agreement on semiconductors which is designed to ensure continued progress on market access and industry cooperation and to

solidify the market-opening gains of recent years. The heart of the new accord is an industry-to-industry agreement coupled with government oversight.

The 1996 accord provides a forum to expand international semiconductor industry cooperation into such areas as standards, intellectual property rights, market opening initiatives, environmental and safety issues and market development. The agreement also provides for industries to collect a broad range of market data, including foreign market share, for presentation to governments. Governments then review these activities and reports and monitor the situation in Japan and other major markets.

The 1996 accord also called for the Government of the United States and the Government of Japan to create of a Global Governmental Forum (GGF) to discuss semiconductor policy issues that affect the future outlook of the global semiconductor industry such as trade and investment liberalization; legal regimes that affect the semiconductor industry; environment, worker health and safety, and standardization; protection of intellectual property rights; present and future approaches to basic scientific research; and promotion of the information society, including market development. The accord provides that other governments of major semiconductor-producing countries and other economies may be invited to participate in this annual forum. The United States will host the second annual forum in January.

During the five-year period of the 1991 Arrangement, foreign market share increased from 14.3 percent in the third quarter of 1991 to an average 27.3 percent over the last full year of the agreement (third quarter 1995 through second quarter 1996). Market share for the calendar year 1996 was 27.5 percent, an increase of over two percentage points from the 25.4 percent average recorded in 1995.

Foreign Market Share

Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992	15.9%
Q4 1992	20.2%
Q1 1993	19.6%
Q2 1993	19.2%
Q3 1993	18.1%
Q4 1993	20.7%
Q1 1994	20.7%
Q2 1994	21.9%
Q3 1994	23.2%
Q4 1994	23.7%
Q1 1995	22.8%
Q2 1995	22.9%
Q3 1995	26.2%
Q4 1995	29.6%
Q1 1996	26.9%
Q2 1996	26.4%
Q3 1996 ¹	27.1%
Q4 1996 ¹	29.4%
Q1 1997 ¹	32.6%
Q2 1997 ¹	35.8%

¹Calculated by U.S. Government only. Earlier figures calculated by U.S. Government and Government of Japan in accordance with the 1991 U.S.-Japan Semiconductor Arrangement.